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CLASSIFICATION

CENTRAL INTELLIGENCE AGENCY

REPORT NO.

INFORMATION REPORT

25X1A2g

COUNTRY China

DATE DISTR. 24 November 1948

SUBJECT

Political Information:

1. Central Government Withdrawal Plans

2. Possible Interim Government for Shanghai

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(LISTED BELOW)SUPPLEMENT TO
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1. It is the conviction among Chinese government officials that when the time comes to evacuate Nanking and Shanghai, Generalissimo CHIANG Kai-shek and high government officials will leave for South China and let middle and lower echelon members of the government struggle for themselves. There is no general plan for withdrawal of the Central Government and no plan for handling the Shanghai-Nanking area when the government does withdraw. High government officials and department heads are afraid to suggest to the Generalissimo or make any such plans because this would be evidence of an admission of defeat. As a result, officials and department heads are forced to make withdrawal moves independently and secretly. Lack of food and money reserves add to the problem.
2. Close associates of Mayor K. C. WU confirm the information given in paragraph 1. They add that no personal loyalty exists on the part of the lower ranks for Shanghai Police Chief YU Shu-ping (Shobern YU), Garrison Commander HSUAN Tieh-wu, or Mayor K. C. WU.
3. Most members of the lower government ranks will have to remain in the Shanghai-Nanking area. Worst off are middle echelon government workers whose funds are insufficient to effect a speedy evacuation and whose association with the Kuomintang would make them unacceptable to the Communists. Last minute attempts to evacuate such personnel may also cause some chaos.
4. It is rumored that YANG Hu, chairman of the China Merchant Seamen's Union, is planning to head the interim government, but he would need the support of unofficial Shanghai labor chief TU Yueh-sheng, which support is possible. YANG, TU, and CHU Hsueh-fan, former head of the China Association of Labor, are all members of Ching Pang, secret society, and were former associates.
5. Such government withdrawal and dispersal plans as have been made show projected moves east to Taiwan, west to Chungking-Kunming, and south to Canton. Most of the CC Clique controlled groups are going to Taiwan.

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6. Legislative Yuan members have been told secretly by Legislative Yuan department heads to send their families to Taiwan.
7. The Second Department of the Ministry of National Defense is making definite preparations for part of its offices to move to Taiwan. Part of the office is to go with the Generalissimo.
8. The Civil Air Transport is moving to Canton, while the China Merchant's Steamship Company is moving its headquarters to Taiwan. Many government-owned enterprises, including several Shanghai textile and radio factories, are preparing to move south. Nanking postal headquarters is moving part of its office to Chungking and part to Canton.

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